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UNITED STATES DEPARTMENT OF AGRICULTURE
Office of Marketing Services
Washington 25, D. C.

July 18, 1945

To: All parties of our record.

Subject: I.C.C. Docket No. 28863 - Wool and Mohair Rates.

The purpose of this status report is to bring all parties of interest down to date regarding happenings in the wool case during the past few days. There appear to be important potential happenings under way which we will also discuss herein.

An order by the Commission was released of this date, reading as follows:

"At a General Session of the INTERSTATE COMMERCE COMMISSION held at its office in Washington, D. C. on the 9th day of July A. D. 1945

No. 28863

WOOL AND MOHAIR RATES

Upon petition of respondents to reject and strike from the files the replies of wool growers associations, Secretary of Agriculture and War Food Administrator, to respondents' petition of May 29, 1945, to defer hearings in the above-entitled proceeding, good cause appearing therefor:

It is ordered, That the said petition be, and it is hereby, denied.

By the Commission.

W. P. Bartel,
Secretary. "

Attached to this release is a reproduced copy of a letter from Senator B. K. Wheeler, Chairman of the Senate Interstate Commerce Committee, addressed to the Hon. John L. Rogers, Chairman, Interstate Commerce Commission, which has already been given wide circulation by the Senator's office. Senator Wheeler urged the Commission to vacate its order of July 2, 1945, (a copy of which was sent to you by us) postponing the hearings indefinitely and that dates be scheduled as soon as possible.

We were informed unofficially by a member of the Commission's staff that this subject, referred to above, may be acted upon by the Commission on July 30. As is well known, the Commission handles relatively few official matters during the month of August in each year. It

JUL 29 1945

2 - To: All parties of our record

July 18, 1945

is our thought that dates and places of hearing may be released on the strength of the Senator's representations.

As stated in our release of July 12, we have made a definite commitment to Commissioner Patterson that when dates and places for hearing are set we would not ask for postponement. We expect to abide by this statement. Should the Commission decide at its July 30 conference to set no dates for hearing, this action should not be interpreted to mean that the Commissioner in charge of the case is without authority to make such determination at any time thereafter. Hence, the advisability of all parties being prepared to submit evidence on short notice.

Subsequent to our release of July 12 a telegram was received from Mr. Neal E. Williams, Steering Committee Member for the Western Trunk Lines states. Quoting in full Mr. William's wired as follows:

"Retel do you believe that railroad traffic managers will cease conferring connection their defense wool freight rate unreasonableness because Commission granted their petition for indefinite postponement. Concur August conferences. Wool interests should realize time for conferences will be too late after Commission sets this case anew."

On Friday, July 13, the writer attended a conference in Chicago, Ill., at the office of Mr. F. B. McElroy, Steering Committee member for the Central Freight Association territory. Representatives of Wool Marketing Associations and Public Utilities Commissions for the States of Illinois, Indiana, Michigan and Wisconsin were in attendance. Much was accomplished by the meeting, but everyone recognized the fact that ~~there is considerable work to be performed before all interests can~~ present a complete case before the Commission. This group went on record by unanimously favoring a meeting in Denver during the month of August.

The meeting that was tentatively set for July 27 in Denver, Colorado, was postponed until Monday, August 20, 1945, to be held at the Cosmopolitan Hotel as stated in our July 17, 1945, report. Correspondence received in this office regarding the meeting included such variations of opinion as to the future handling of the wool case that it was evident that nothing constructive could be accomplished until specific issues could be brought to the attention of the various interests for definite decision and action.

At the August meeting in Denver there should be in attendance, aside from members of each State Commission, their counsels and rate experts, and representatives from the various National and State Wool Producers and Marketing organizations. Many issues in connection with the case will have to be discussed and decided upon by the Steering Committee members far enough ahead of the hearings to allow those in charge of research sufficient time to incorporate their findings in exhibits and testimony.

3 - To: All parties of our record

July 18, 1945

Many pertinent items for consideration would include the advisability of petitioning the Commission to insert in the record of our case the Edward's Cost Study; what effect the decision in I.C.C. Dockets 28300 and 28310 would have on the present wool freight rate adjustment; wool rate comparisons with other commodities moving under existing rates in the different territories; what rates should be suggested for the future movement of wool and if such suggestions are satisfactory to parties of interest in all territories.

Another item that it is believed to be overlooked to a great extent is transit privileges in connection with the movement of wool. At one of the meetings of the Steering Committee it was decided to consolidate transit information from all sources and this was called to your attention in our letter of April 9, 1945. As of this date nothing has been received that would indicate any work on this important phase of the wool investigation has been accomplished.

It was our understanding that each State Commission would obtain from the wool shippers, including cooperatives of their respective states, a listing of the present wool transit privileges applicable to their state and/or character of such privileges required. These data were later to be combined in one exhibit. The Steering Committee was to decide what would be a reasonable charge for the service, and that it would be in addition or separate from the line haul rates used for transporting the commodity from origins to destinations.

We suggest that other questions of importance should be decided by the Steering Committee in collaboration with the Commerce Counsels for the various State Commissions and Wool Organizations, this latter to include at what hearing their testimony would be placed in the record; what kind of evidence will be in each State's exhibits; and what parts of the various territories will have to be re-enforced to complete the coverage of the entire country.

As a matter of information, carbon copies of six books containing completed exhibits compiled by the Department, will be ready for examination by all interested parties at the Denver meeting. Two of the books consisting of 33 exhibits will be ready for distribution by August 20 that may assist other parties of interest in preparing their evidence and testimony.

We would be pleased to exchange ideas and views with all persons addressed. We encourage this as a policy to exist between all parties of interest in the case. It is paramount to all other considerations for placing before the Interstate Commerce Commission a systematic and harmonized presentation to obtain the lowest possible rate structure on wool consistent with the evidence in the record.

With best wishes, we are

Sincerely yours,

Chas. B. Bowling
Chas. B. Bowling, Chief

Transportation Rates & Services Division
Marketing Facilities Branch

Enclosure

SEP 13 '45

July 7, 1945

My dear Chairman Rogers:

In March of this year I took up with the Interstate Commerce Commission the matter of investigating the complaint of the wool growers of the United States that freight rates on wool in the grease were too high. The matter was considered by the Commission but on the recommendation of Colonel Johnson, Director of the Office of Defense Transportation, I understand an order has been issued by the Commission indefinitely postponing hearings on the general wool freight rate investigation.

I appreciate the fact that transportation, especially by railroads, is at a critical stage and that everything possible should be done to curtail travel at this time. However, I am informed by responsible and experienced wool growers in my state and officials of the National Wool Growers Association that in their opinion there is not a more inequitable schedule of rates in existence in the United States than the present wool tariff; that government agencies investigating the cost of the sheep industry unqualifiedly hold that the industry is being run at a loss. Liquidation in Oregon has already reached 30%. In Montana it is serious and increasing rapidly. I understand that last year in Montana the rate of sheep slaughtered increased nearly 700% over a ten year average. While a reduction in rates would not solve all the problems confronting the industry it would give substantial aid to the wool growers at a time when they are operating at a direct financial loss and when their outgo exceeds their income. On the other hand the railroads are making more money than almost any other time in their history.

I have not had an opportunity to study the facts but I am informed that freight rates on wool are on a higher basis relatively than any other agricultural commodity; that there are few commodities moving in commerce that are assessed higher freight rates than wool; that many perishable items requiring quick dispatch and special refrigerator car equipment move from coast to coast on lower freight rates, for example, oranges which move from California to Boston for \$1.35 per hundredweight whereas it takes \$2.33 to transport wool, a raw product, and that the rate between the same points on imported wool is only \$1.05 per hundredweight.

I have referred above to the fact that wool growers in Montana and other states are selling off their sheep and that the rate of liquidation is rapidly increasing. This, of course, not only cuts down on wool production but it likewise seriously interferes with the production of mutton and lamb at a time when the amount of meat reaching the American table is at an alltime low.

The hearings that are proposed in connection with this investigation would be held in five or six places in the West and would require the attendance of two or three men from each of fourteen or fifteen Western states. Montana men would go to Salt Lake City. Southwest people would go to Fort Worth. People in the Northwest would go to Portland. There could be a meeting in Denver; all meetings could be so arranged as to cut down both the time and the length of travel.

In view of the serious situation confronting the wool industry at this time and the importance of maintaining -- and even increasing if possible -- the rate of lamb and mutton production I respectfully urge that the order postponing these hearings be vacated and that the hearings be scheduled as soon as possible.

It seems to me that the wool growers have made a strong case in support of their petition for hearings. If they are to be denied a hearing at this time, then perhaps the Commission ought to postpone indefinitely all hearings on its docket where travel is involved.

Assuring you of my high esteem, I am

Cordially yours,

SIGNED:

B. K. Wheeler,
Chairman,
Interstate Commerce
Committee of the Senate

Hon. John L. Rogers
Chairman

Interstate Commerce Commission
Washington, D. C.